

106TH CONGRESS  
2D SESSION

# H. R. 4168

To amend the Internal Revenue Code of 1986 to require increased reporting  
by political organizations.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 2000

Mr. DOGGETT (for himself, Mr. GEPHARDT, Mr. BONIOR, Mr. FROST, Mr. MENENDEZ, Mr. RANGEL, Mr. NEAL of Massachusetts, Mr. STARK, Mr. MATSUI, Mr. COYNE, Mr. LEVIN, Mr. CARDIN, Mr. McDERMOTT, Mr. KLECZKA, Mr. LEWIS of Georgia, Mr. McNULTY, Mr. JEFFERSON, Mrs. THURMAN, Mr. BECERRA, Ms. DeLAURO, Ms. PELOSI, Mr. HOYER, Mr. ABERCROMBIE, Mr. ACKERMAN, Mr. ALLEN, Mr. ANDREWS, Mr. BACA, Mr. BAIRD, Mr. BALDACCI, Ms. BALDWIN, Mr. BARRETT of Wisconsin, Ms. BERKLEY, Mr. BERRY, Mr. BLAGOJEVICH, Mr. BLUMENAUER, Mr. BOSWELL, Mr. BROWN of Ohio, Mrs. CAPPS, Mr. CAPUANO, Mrs. CLAYTON, Mr. CLYBURN, Mr. CROWLEY, Ms. DANNER, Mr. DAVIS of Illinois, Mr. DAVIS of Florida, Mr. DEFazio, Mr. DELAHUNT, Mr. DEUTSCH, Mr. DICKS, Mr. DINGELL, Mr. DIXON, Mr. DOOLEY of California, Mr. EDWARDS, Mr. ENGEL, Ms. ESHOO, Mr. ETHERIDGE, Mr. EVANS, Mr. FARR of California, Mr. FILNER, Mr. FORBES, Mr. FORD, Mr. FRANK of Massachusetts, Mr. GEJDENSON, Mr. GONZALEZ, Mr. GREEN of Texas, Mr. HALL of Ohio, Mr. HASTINGS of Florida, Mr. HILL of Indiana, Mr. HILLIARD, Mr. HINCHEY, Mr. HINOJOSA, Mr. HOFFEL, Mr. HOLT, Ms. HOOLEY of Oregon, Mr. INSLEE, Mr. JACKSON of Illinois, Ms. JACKSON-LEE of Texas, Ms. EDDIE BERNICE JOHNSON of Texas, Mrs. JONES of Ohio, Mr. KANJORSKI, Ms. KAPTUR, Ms. KILPATRICK, Mr. KIND, Mr. KUCINICH, Mr. LAMPSON, Mr. LANTOS, Mr. LARSON, Ms. LEE, Ms. LOFGREN, Mrs. LOWEY, Mr. LUTHER, Mrs. MALONEY of New York, Mr. MARKEY, Mrs. MCCARTHY of New York, Ms. MCCARTHY of Missouri, Mr. MCGOVERN, Ms. MCKINNEY, Mr. MEEHAN, Mrs. MEEK of Florida, Mr. MEEKS of New York, Ms. MILLENDER-McDONALD, Mr. GEORGE MILLER of California, Mr. MINGE, Mrs. MINK of Hawaii, Mr. MOAKLEY, Mr. MOLLOHAN, Mr. MOORE, Mr. MORAN of Virginia, Mr. NADLER, Mrs. NAPOLITANO, Mr. ORTIZ, Mr. OWENS, Mr. PALLONE, Mr. PASCRELL, Mr. PAYNE, Mr. PETERSON of Minnesota, Mr. PHELPS, Mr. POMEROY, Mr. PRICE of North Carolina, Mr. REYES, Ms. RIVERS, Mr. RODRIGUEZ, Mr. ROTHMAN, Mr. RUSH, Mr. SABO, Ms. SANCHEZ, Mr. SANDERS, Mr. SANDLIN, Mr. SAWYER, Ms. SCHAKOWSKY, Mr. SERRANO, Mr. SHOWS, Ms. SLAUGHTER, Mr. SMITH of Washington, Mr. SNYDER,

Mr. SPRATT, Ms. STABENOW, Mr. STENHOLM, Mr. STRICKLAND, Mrs. TAUSCHER, Mr. THOMPSON of Mississippi, Mr. THOMPSON of California, Mr. TIERNEY, Mr. TURNER, Mr. UDALL of New Mexico, Mr. UDALL of Colorado, Ms. VELAZQUEZ, Mr. WAXMAN, Mr. WEINER, Mr. WEXLER, Mr. WEYGAND, Ms. WOOLSEY, Mr. WU, and Mr. WYNN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to require increased reporting by political organizations.

1       *Be it enacted by the Senate and House of Representa-*  
 2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Underground Cam-  
 5       paign Disclosure Act of 2000”.

6       **SEC. 2. INCREASED REPORTING BY POLITICAL ORGANIZA-**  
 7                               **TIONS.**

8       (a) IN GENERAL.—Subpart A of part III of sub-  
 9       chapter A of chapter 61 of the Internal Revenue Code of  
 10      1986 (relating to information concerning persons subject  
 11      to special provisions) is amended by inserting after section  
 12      6033 the following new section:

13      **“SEC. 6033A. RETURNS BY POLITICAL ORGANIZATIONS.**

14               “(a) STATEMENT OF ORGANIZATION.—

15                   “(1) IN GENERAL.—Every political organization  
 16              shall file a statement of organization with the Sec-  
 17              retary (in such form and manner as the Secretary

1 shall prescribe) which contains the information de-  
2 scribed in paragraph (2). Such statement shall be  
3 filed not later than 10 days after the date that such  
4 organization is established (or, in the case of an or-  
5 ganization in existence on the date of the enactment  
6 of this section, not later than 10 days after such  
7 date of enactment).

8 “(2) STATEMENT OF ORGANIZATION.—The in-  
9 formation described in this paragraph is—

10 “(A) the name and address of the political  
11 organization,

12 “(B) the name, address, relationship, and  
13 type of any person which is directly or indi-  
14 rectly related to or affiliated with such political  
15 organization,

16 “(C) the name, address, and position of  
17 the custodian of books and accounts of the po-  
18 litical organization,

19 “(D) the name and address of the treas-  
20 urer of the political organization, and

21 “(E) a listing of all banks, safety deposit  
22 boxes, and other depositories used by the polit-  
23 ical organization.

24 “(3) CHANGES IN INFORMATION.—If there is a  
25 change in circumstances such that the most recent

1 statement filed under this subsection is no longer ac-  
 2 curate, the political organization shall file a cor-  
 3 rected statement with the Secretary (in such manner  
 4 as the Secretary shall prescribe) not later than 10  
 5 days after the date that the statement first ceased  
 6 to be accurate.

7 “(4) RELATED AND AFFILIATED PERSONS.—  
 8 For purposes of paragraph (2)(B), a person is di-  
 9 rectly or indirectly related to or affiliated with a po-  
 10 litical organization if such person, at any time dur-  
 11 ing the 3-year period ending on the date such state-  
 12 ment is submitted to the Secretary—

13 “(A) was in a position to exercise substan-  
 14 tial direct or indirect influence over the process  
 15 of collecting or disbursing the exempt purpose  
 16 funds of such organization, or

17 “(B) was in a position to exercise substan-  
 18 tial, overall direct or indirect influence over the  
 19 activities of such organization.

20 “(b) STATEMENTS OF CONTRIBUTIONS AND DIS-  
 21 BURSEMENTS.—

22 “(1) IN GENERAL.—Every political organization  
 23 shall file a statement with the Secretary (at such  
 24 time and in such form and manner as the Secretary  
 25 shall prescribe) which contains the information de-

1       scribed in paragraph (2) with respect to each report-  
2       ing period.

3               “(2) INFORMATION DESCRIBED.—The informa-  
4       tion described in this paragraph is—

5               “(A) the name and address of each person  
6       to whom the political organization made any  
7       disbursement during the reporting period in an  
8       aggregate amount or value in excess of \$200  
9       within the calendar year,

10              “(B) a certification, under penalty of per-  
11       jury, whether such disbursement is made in co-  
12       operation, consultation, or concert, with, or at  
13       the request or suggestion of, any candidate for  
14       public office or any authorized committee of  
15       such candidate or agent of such committee or  
16       candidate,

17              “(C) the name, address, and occupation of  
18       each person (and the name of his or her em-  
19       ployer) who made (in the aggregate for the re-  
20       porting period) a contribution in excess of \$200  
21       to the political organization,

22              “(D) the name, address, and business pur-  
23       pose of any entity, as well as whether the entity  
24       purports to be exempt from tax under this title  
25       and (if so) the provision under which the entity

1 purports to be so exempt, which made (in the  
2 aggregate for the reporting period) a contribu-  
3 tion in excess of \$200 to the political organiza-  
4 tion, and

5 “(E) the original source and the intended  
6 ultimate recipient of all contributions made by  
7 a person, either directly or indirectly, on behalf  
8 of any particular person, including contribu-  
9 tions which are in any way earmarked or other-  
10 wise directed through any intermediary.

11 “(3) REPORTING PERIODS AND DUE DATES FOR  
12 FILING STATEMENTS.—

13 “(A) IN GENERAL.—The reporting periods  
14 and deadlines for filing statements required by  
15 this subsection shall be the same as the periods  
16 and deadlines set forth for reports under para-  
17 graph (4) of section 304(a) of Federal Election  
18 Campaign Act of 1971 (2 U.S.C. 434(a)). The  
19 Secretary shall issue such guidance as may be  
20 necessary concerning the filing deadlines for  
21 such statements.

22 “(B) CERTAIN ORGANIZATIONS FILE AN-  
23 NUALLY.—

1 “(i) IN GENERAL.—In the case of a  
2 political organization described in clause  
3 (ii)—

4 “(I) subparagraph (A) shall not  
5 apply,

6 “(II) the reporting period shall  
7 be such organization’s taxable year,  
8 and

9 “(III) the due date for the state-  
10 ment required by this subsection shall  
11 be the due date (without regard to ex-  
12 tensions) for filing the return of tax  
13 for such year, whether or not such or-  
14 ganization is required to file a return  
15 for such taxable year.

16 “(ii) ORGANIZATION DESCRIBED.—An  
17 organization is described in this clause if  
18 such organization is a political organiza-  
19 tion which is organized and operated exclu-  
20 sively for the purpose of securing the nomi-  
21 nation, election, or appointment of a clear-  
22 ly identified candidate for State, local, or  
23 judicial office.

24 “(4) ELECTRONIC FILING.—The Secretary shall  
25 develop procedures for submission in electronic form

1 of statements required to be filed under this sub-  
2 section.

3 “(c) POLITICAL ORGANIZATION.—For purposes of  
4 this section, the term ‘political organization’ has the  
5 meaning given to such term by section 527(e) without re-  
6 gard to whether such organization claims a tax exemption  
7 under section 527.

8 “(d) PAPERWORK AND BURDEN REDUCTION.—An  
9 organization shall be not be required to file any statement  
10 under subsection (a) or (b) for any period if, with respect  
11 to such period, such organization submits to the Sec-  
12 retary, under penalty of perjury, a certified statement that  
13 the organization has made a filing, which is publicly avail-  
14 able, with another Federal agency which includes all of  
15 the information requested by subsection (a) or (b), which-  
16 ever is applicable, and which specifies the public location  
17 where such information may be found.”

18 (b) PUBLIC INSPECTION OF STATEMENTS.—

19 (1) IN GENERAL.—Section 6104 of such Code  
20 (relating to publicity of information required from  
21 certain exempt organizations and certain trusts) is  
22 amended by adding at the end the following new  
23 subsection:

24 “(e) INSPECTION OF STATEMENTS OF POLITICAL  
25 ORGANIZATIONS.—



1           “(1) IN GENERAL.—In the case of a political  
2 organization (as defined in section 6033A(c))—

3           “(A) a copy of the statements filed under  
4 section 6033A shall be made available by such  
5 organization for inspection during regular busi-  
6 ness hours by any individual at the principal of-  
7 fice of such organization and, if such organiza-  
8 tion regularly maintains 1 or more regional or  
9 district offices having 3 or more employees, at  
10 each such regional or district office, and

11           “(B) upon request of an individual made  
12 at such principal office or such a regional or  
13 district office, a copy of such statements shall  
14 be provided to such individual without charge  
15 other than a reasonable fee for any reproduc-  
16 tion and mailing costs.

17       The request described in subparagraph (B) must be  
18 made in person or in writing. If such request is  
19 made in person, such copy shall be provided imme-  
20 diately and, if made in writing, shall be provided  
21 within 30 days.

22           “(2) 3-YEAR LIMITATION ON INSPECTION OF  
23 STATEMENTS.—Paragraph (1) shall apply to any  
24 statement filed under section 6033A only during the  
25 3-year period beginning on the last day prescribed

1 for filing such statement (determined with regard to  
2 any extension of time for filing).

3 “(3) LIMITATION ON PROVIDING COPIES.—A  
4 rule similar to the rule of subsection (d)(4) shall  
5 apply for purposes of this subsection.”

6 (2) INSPECTION OF ANNUAL INFORMATION RE-  
7 TURNS.—Subsection (b) of section 6104 of such  
8 Code (relating to inspection of annual information  
9 returns) is amended—

10 (A) by inserting “6033A,” after “6033,”

11 (B) by striking “509(a))” and inserting  
12 “509(a), or a political organization, as defined  
13 in section 6033A(c))”, and

14 (C) by adding at the end the following:  
15 “To the extent practicable, the statements re-  
16 quired to be made under section 6033A shall  
17 also be made available to the public on the  
18 worldwide web.”.

19 (c) PENALTIES FOR FAILURE TO FILE STATEMENTS  
20 OR PROVIDE PUBLIC INSPECTION.—

21 (1) IN GENERAL.—Subsection (c) of section  
22 6652 of such Code is amended by redesignating  
23 paragraphs (2), (3), and (4) as paragraphs (3), (4),  
24 and (5), respectively, and by inserting after para-  
25 graph (1) the following new paragraph:

1 “(2) STATEMENTS UNDER SECTION 6033A.—

2 “(A) PENALTY ON ORGANIZATION.—In the  
3 case of—

4 “(i) a failure to file a statement re-  
5 quired under section 6033A (relating to re-  
6 turns by political organizations) on the  
7 date and in the manner prescribed therefor  
8 (determined with regard to any extension  
9 of time for filing), or

10 “(ii) a failure to include any of the in-  
11 formation required to be shown on a state-  
12 ment filed under section 6033A or to show  
13 the correct information,

14 there shall be paid by the political organization  
15 \$100 for each day during which such failure  
16 continues. The maximum penalty under this  
17 subparagraph on failures with respect to any 1  
18 statement shall not exceed \$50,000.

19 “(B) MANAGERS.—

20 “(i) IN GENERAL.—The Secretary  
21 may make a written demand on any orga-  
22 nization subject to penalty under subpara-  
23 graph (A) specifying therein a reasonable  
24 future date by which the statement shall

1 be filed (or the information furnished) for  
2 purposes of this subparagraph.

3 “(ii) FAILURE TO COMPLY WITH DE-  
4 MAND.—If any person fails to comply with  
5 any demand under clause (i) on or before  
6 the date specified in such demand, there  
7 shall be paid by the person failing to so  
8 comply \$10 for each day after the expira-  
9 tion of the time specified in such demand  
10 during which such failure continues. The  
11 maximum penalty imposed under this sub-  
12 paragraph on all persons for failures with  
13 respect to any 1 statement shall not exceed  
14 \$5,000.

15 “(C) PUBLIC INSPECTION OF STATE-  
16 MENTS.—In the case of a failure to comply with  
17 the requirements of section 6104(e) on the date  
18 and in the manner prescribed therefor (deter-  
19 mined with regard to any extension of time for  
20 filing), there shall be paid by the person failing  
21 to meet such requirements \$20 for each day  
22 during which such failure continues. The max-  
23 imum penalty imposed under this subparagraph  
24 on all persons for failures with respect to any  
25 1 statement shall not exceed \$10,000.”

1 (2) OTHER PENALTIES.—

2 (A) Section 6685 of such Code (relating to  
3 assessable penalty with respect to public inspec-  
4 tion requirements for certain tax-exempt orga-  
5 nizations) is amended—

6 (i) by striking “subsection (d)” and  
7 inserting “subsection (d) or (e)”, and

8 (ii) by striking “return or application”  
9 each place it appears and inserting “re-  
10 turn, application, or statement”.

11 (B) Section 7207 of such Code (relating to  
12 fraudulent returns, statements, and other docu-  
13 ments) is amended by striking “subsection (d)”  
14 and inserting “subsection (d) or (e)”.

15 (d) MODIFICATION OF GIFT TAX RULES.—Para-  
16 graph (5) of section 2501(a) of such Code (relating to  
17 transfers to political organizations) is amended by adding  
18 at the end the following new sentence: “The preceding sen-  
19 tence shall not apply in the case of any such organization  
20 which is not in substantial compliance with sections  
21 6033A and 6104(e).”

22 (e) CONFORMING AMENDMENTS.—

23 (1) Section 527 of such Code is amended by  
24 adding at the end the following new subsection:

1 “(i) CROSS REFERENCES.—

“**(1) For reporting requirements, see sections 6033A and 6104.**

“**(2) For penalties for failure to file reports, see sections 6652, 6685, and 7207.**

“**(3) For modification of gift tax rules, see section 2501(a)(5).”**

2 (2) The table of sections for subpart A of part  
 3 III of subchapter A of chapter 61 of such Code is  
 4 amended by inserting after the item relating to sec-  
 5 tion 6033 the following new item:

“Sec. 6033A. Returns of political organizations.”

6 (f) EFFECTIVE DATE.—The amendments made by  
 7 this section shall take effect on the date of the enactment  
 8 of this Act.

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